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TAB B

May 12, 1950

Conversation between Ambassador Goubaud, of Guatemala, and Mr. Thomas C. Mann, MID

I had lunch today with Ambassador Goubaud at his request. He started the conversation by saying that the Guatemalan newspapers have reported that Ambassador Patterson has already returned to Guatemala City. I replied that Ambassador Patterson is still in the United States and that the newspaper reports are inaccurate.

The Ambassador then asked whether it would be possible to send another ambassador to Guatemala City in the near future. I said that this would not be feasible at this time.

The Ambassador then spoke at some length about the current political scene in Guatemala and said he was convinced that President Arevalo is against all types of dictatorships and that otherwise he would not have accepted his present post. I said that while it has been made amply clear that the Guatemalan Government is opposed to dictatorships of the right, I had not seen any public statement about the Government's opposition to dictatorships of the left. I said that people outside of official circles who understand that totalitarian governments of the left, as well as those of the right, suppress liberty, might contend that the Guatemalan Government's position is therefore only half clear. Also, the recent visit of Pablo Neruda as an official guest of the Guatemalan Government, the failure of the Government to ratify the Rio Treaty, the virtual expulsion of Ambassador Patterson and other incidents have further contributed to the confusion. I said that this confusion was bound to reflect itself in the press and that this in turn influenced U.S. public opinion and that U.S. public opinion had its influence on U.S. policy.

The Ambassador said that he agreed and that he had written to President Arevalo along these general lines. I said that as he knew, the State Department believed that the responsible elements in the Guatemalan Government would solve their problem in their own way and that they should do so without outside interference. I said that it would, however, be helpful, as far as U.S. public opinion is concerned, if the Guatemalan Government would help the Department in its efforts to prevent further misunderstanding on the part of public opinion.

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The Ambassador then spoke of the practices of the United Fruit Company which he said are responsible for the success which Pinto Usaga and Gutierrez have had in posing as the champions of the Guatemalan people. He said that, for example, when the United Fruit Company took a legalistic stand on some issue such as income taxes or the closed shop plan, it might temporarily prevail in the courts but that its long term interests were prejudiced. He said that the Government finds it politically difficult to defend the company in view of its patronizing and uncooperative attitude. He expressed the opinion that if "some little concession" can be made by the company this would weaken the position of the extremists and enable the Government better to control developments.

I said that I anticipated that there were two sides to the feeling of distrust which the Government apparently had for the United Fruit Company, but that I would look into the matter to see what might be done since it was obviously in everyone's interest to bring about a restoration of confidence between the company and the Government. I added that the Department had no power or desire to direct particular decisions and policies of American companies.

The Ambassador said that Pinto Usaga and Gutierrez were rivals and that it might be feasible to bring about a rift between them which would weaken both. He asked whether I had given any thought as to how this might be done and I said that I had not.